

INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
MASTER SERVICER
REQUEST FOR PROPOSALS
July 28, 2006

Background: The Indiana Housing and Community Development Authority (the “Authority” or “IHCDA”) intends to issue Single Family Mortgage Revenue Bonds (the “Bonds” or “MRBs”) in an amount greater than \$150 million and less than \$250 million during the term of this request. These termed MRB programs (the “Program”), will help finance the acquisition of single-family homes by low and moderate-income persons in the State of Indiana.

RFP: This is a Request for Proposals (RFP) for the role of Master Servicer (the “Servicer”) in connection with not less than one (1) year of servicing the MRB Programs commencing upon the issuance of the Authority’s 2006 C Single Family Mortgage Revenue Bonds. Only those institutions which respond with an appropriate bid proposal (Exhibit B attached hereto) delivered to the Authority by August 18, 2006 and which can be prepared to negotiate contract terms immediately thereafter will be considered. The Authority prefers one Servicer, but no more than two for the Programs. The Authority reserves the right to terminate the service agreement after the one (1) year term has expired.

Schedule of Events: IHCDA has established the following schedule for selection of the Master Servicer:

<u>Event</u>	<u>Date</u>
RFP issuance date	July 28
Written questions from applicants	August 4
Responses to applicant questions	August 9
Proposals due	August 17
Confirmed selection	August 24
Agreement for Services start date is after the issuance of 2006 Series C MRB’s	

Submission of Written Questions: It is the policy of IHCDA to accept inquiries from all potential applicants. All questions and inquiries shall be in writing; no verbal requests will be honored. Potential applicants may submit their questions or inquiries via e-mail to:

Justin Harris
Email: jharris@ihcda.in.gov
Subject: Master Servicer RFP

All written inquiries are due by August 4th at 5:00 pm. IHCDA expects to respond to inquiries by August 9th. However, we do reserve the right to not respond at all.

IHCDA reserves the right to decline to respond to any inquiry that will cause an undue burden or expense for IHCDA. IHCDA will post all inquires along with answers on its website at www.indianahousing.org on August 9th.

Oral Presentations: Respondents may be required to make oral presentations in order to provide an opportunity for respondents to present their proposals and to answer questions posed by IHCDA Trustees and/or staff or other professionals concerning any items covered by their respective proposals, or such other matters as may be deemed relevant to the evaluation of the respondents and their responses. If oral presentations are required, IHCDA will schedule the time and location for each oral presentation. Failure to appear for an oral presentation at the time and place scheduled may result in the rejection of the proposal. Further, IHCDA reserves the right to visit any respondent at their primary place of business.

MSA: The successful Servicer will enter into a Mortgage Servicing Agreement (MSA) with the Authority, a draft of which will be posted on our website on August 9, 2006.

Conflict of Interest: Each applicant must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP, any such relationship that might be perceived or represented as a conflict. By submitting a proposal in response to this RFP, applicants affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest will automatically result in the disqualification of an applicant's proposal. An award will not be made where a conflict of interest exists. IHCDCA will determine whether a conflict of interest exists and whether it may reflect negatively on IHCDCA's selection of an applicant. Further, IHCDCA reserves the right to disqualify any applicant on the grounds of actual or apparent conflict of interest.

Requirements to Respond: The Servicer must be an approved seller/servicer of FHA and VA-insured Loans and a FNMA, FHLMC, and GNMA approved seller/servicer. The Servicer will enter into required FNMA, FHLMC, and/or GNMA agreements pursuant to the terms of the Program. In addition, the Servicer must meet the originating lender requirements of the Authority and the Program.

Scope of Services: The Master Servicer will be expected to perform all of the normal duties associated with the pooling and servicing of the mortgages including, but not limited to:

- 1) Accept loans for purchase from any lender approved by IHCDCA, only IHCDCA shall determine participants in the program
- 2) Accept loans via Fannie Mae Desktop Underwriting® and Fannie Mae Desktop Originator®. The Master Servicer will accept loans via Freddie Mac Loan Prospector and other automated underwriting systems as agreed to by IHCDCA on a case-by-case basis
- 3) Credit underwriting
- 4) Accept mortgage payments for first mortgages, as well as subordinate liens, where repayment is required, in one combined payment for each borrower
- 5) Provide annual escrow analysis
- 6) Pay taxes and insurance when due
- 7) Issue all required IRS reporting
- 8) Submit MIP and PMI premiums
- 9) Submission of certain appropriate mortgage data via an Internet interface to IHCDCA
- 10) Provide loss mitigation services and assistance to borrowers whose loans become delinquent
- 11) Purchase first mortgage loans from participating lenders and pool into mortgage backed securities; IHCDCA shall be provided a copy of the Issuer Schedule of Pooled Mortgages Form (or other form detailing loans being pooled) and Notification of Delivery form for the Authority's approval prior to pooling
- 12) Track first mortgage pools by certain designations (i.e., IHCDCA warehouse or bond series designation)

- 13) Service all Down Payment Assistance loans that are associated with a first mortgage that is also part of the program – i.e. calculate payoffs and releases of second mortgages
- 14) Provide monthly reports to the Authority detailing delinquencies of both first and second mortgage loans
- 15) Provide IHCD and trustee with monthly reports detailing Ginnie Mae and Fannie Mae monthly remittance amounts, pool balances and payoff information (no later than the 10th of each month)
- 16) Provide monthly reports to IHCD on lender performance
- 17) Work with approved Indiana homebuyer counselors to help new first time homebuyers who may be delinquent
- 18) Participate in meetings with lenders, when requested by IHCD, regarding the IHCD program
- 19) Use an Indiana-based law firm that specializes in mortgage foreclosures, the servicer may recommend a law firm to the IHCD, but the IHCD retains the sole discretion and authority to select the law firm

Originators: All mortgage loan lenders, or originators, for the Program will be selected and approved by the Authority. Each selected and approved originator will enter into a Mortgage Origination and Sale Agreement (MOSA) with the Authority and the Servicer. The Servicer may originate Loans under the Program, and in such cases the Servicer must also enter into a MOSA with the Authority. A draft of the MOSA will be posted on our website on August 9, 2006.

Loan Purchase: Only Loans that meet the requirements of the Program and are subsequently certified into MBS, will be accepted and purchased under the Program, unless as otherwise specified by the Authority. Any Loan that is purchased or funded by the Servicer which is not accepted by Fannie Mae, Freddie Mac, or Ginnie Mae for certification, FHA or VA insurance, or does not meet the requirements of the Program will not be purchased by the Authority. Such Loans may be and will be turned back to the Servicer.

Currently the Program allows the borrowers to be charged 1.125% of the loan amount with .125% of that to the Authority and the remaining 1% to the Lender. Our current Master Servicer then purchases the mortgages from the Lender for 101.6% of the total mortgage amount. We would like to keep this structure in place, so please submit your bid accordingly.

Loans: The loans will be fixed rate. The term of the loans is likely to be thirty years but may be shorter for specific Programs. All loans will be for low and/or moderate-income families, as defined under the Program. Certain household income and purchase limits will apply to the Program and will be relayed to the Servicer and the originators via a Program Guide, which will be prepared and distributed by the Authority prior to initiation of the Program. The mortgage rate will be established on or about the date of the opening of the program and the Authority reserves the right to change said rate daily, if necessary. The Authority explicitly reserves the right to release this information to the public.

Service: The Servicer is being asked to bid for the exclusive right to service the Loans with respect to GNMA, FNMA, or FHLMC securitization. The servicing fee for FNMA or FHLMC MBS will be determined prior to the initiation of the Program by the Authority.

Evaluation Factors: The Authority and its financial and legal advisers will review all bid responses for Servicer. The responses must demonstrate the bidder's ability to perform the functions of the Servicer. Each bid will be in the same form of **Exhibit B**. Principal considerations for evaluating responses will be:

- 1) Ability of Servicer to comply with the scheduling requirements of IHCDA
- 2) Ability of Servicer to meet the requirements of the Program as Servicer
- 3) Prior experience with loan origination and servicing, including experience with FHA/VA insured loans and FNMA/FHLMC-guaranteed pools
- 4) Prior experience with tax-exempt bond programs
- 5) The qualifications of the individual personnel assigned to the contract
- 6) The responsiveness of the responses to the questions and needs identified by IHCDA
- 7) The bid of the applicant as a percent of Loans acquired
- 8) The location of offices and head offices for the bidding organization
- 9) Any prior experience of the bidder with IHCDA

The proposal requirements stated in this RFP are mandatory and are not simply desirable. Failure by a respondent to address a specific requirement may be the basis for elimination from consideration. The Authority reserves the right to award the contract to the firm that best meets the qualifications required - which may or may not be the firm with the lowest bid. The Authority also reserves the right to reject any and all responses prior to execution of the contract with no penalty or cost to IHCDA and to select a short list of institutions with which to negotiate fees and duties. IHCDA will pay special attention to Servicers that bid and are managed and owned within the state of Indiana. IHCDA will reference all potential Servicers with FNMA, GNMA, and FHLMC prior to approving the bidder as the Servicer.

Those organizations submitting materials should not include promotional materials. All responses will become property of the Authority and will not be returned. The bid is for no less than one (1) year of Programs only. IHCDA intends that the obligations of the Servicer under the MSA ultimately executed will continue until the later of the time all Bonds or all of the Loans of the Program have been repaid.

Terms and Conditions: This RFP is issued and subject to the following terms and conditions:

- 1) This RFP is to request the submission of responses but is not itself an offer and shall under no circumstances be construed as an offer.
- 2) The Authority expressly reserves the right to modify or withdraw this RFP at any time, whether before or after any responses have been submitted or received.
- 3) The Authority may reject any or all proposals submitted in response to this RFP at any time prior to entering into a written agreement.
- 4) In the event the party selected does not enter into the required agreement to carry out the purposes described in this RFP, the Authority may, in addition to any other rights and remedies available at law or in equity, commence negotiations with any other person or entity.
- 5) In no event shall any obligation of any kind be enforceable against the Authority unless and until a written agreement is entered into.
- 6) Each respondent agrees to bear all costs and expenses of its response and there shall be no reimbursement for any costs and expenses relating to the preparation of responses submitted or for any costs or expenses incurred during negotiations.

7) By submitting a response to this RFP, each respondent waives all rights to protest or seek any remedies whatsoever regarding any aspect of this request, the selection of a respondent or respondents with whom to negotiate, the rejection of any or all offers to negotiate, or a decision to terminate negotiations.

8) IHCDCA reserves the right to waive informalities and minor irregularities in responses received.

9) IHCDCA shall not be obligated to accept the lowest priced response, but will make an award in the best interests of IHCDCA after all factors have been evaluated.

10) Any irregularities or lack of clarity in the RFP should be brought to the Authority's attention as soon as possible so that corrective addenda may be furnished to prospective applicants.

11) The IHCDCA has adopted many of the required State of Indiana contractual provisions. The IHCDCA hereby puts the applicant on notice that a successful award at the end of the process will be contingent upon the agreement to comply with these standard contractual provisions (such as drug-free workplace certifications, minority and women business enterprise compliance, nondiscrimination certifications, licensing standards, certifications relating to HIPAA, certifications regarding telephone solicitations, and certifications relating to State of Indiana ethics policies).

12) Proposals, which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of this contract, may be rejected.

13) Proposals may be withdrawn by email notice received prior to August 24th.

14) Each respondent must include in its Proposal a complete disclosure of any alleged significant prior or ongoing contract failures, any civil or criminal litigation or investigation pending which involves the respondent or in which the respondent has been judged guilty or liable. Failure to comply with the terms of this provision will disqualify any Proposal.

15) There is no assurance that the successful respondents will actually serve or the number of times or frequency of such service.

Response: If your institution is interested in acting as Master Servicer for this Program, your bid in the form attached hereto as Exhibit B must be emailed to the IHCDCA offices **no later than 5:00 pm, EDT, August 17, 2006.** Please submit the completed Exhibit A if you will not be able to bid for any reason. Please send bids to the attention of:

Justin Harris
Financial Analyst
Indiana Housing & Community Development Authority
jharris@ihcda.in.gov

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
MASTER SERVICER
REQUEST FOR PROPOSALS**

**EXHIBIT A
NON-PARTICIPATING RESPONSE**

Please tell us why you are not interested in bidding to be the Servicer of our Programs in 2007. Please be as specific as possible, so we can use your input to structure future deals in which you may have an interest. We are interested in your input. Thank you for your attention to this matter.

Company: _____

Authorized Officer: _____

Date: _____

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
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**EXHIBIT B
SERVICING BID FORM**

Please respond to the following:

- 1) Institution:
- | | |
|---------------------|-------|
| a) Company Name: | _____ |
| b) Address: | _____ |
| | _____ |
| c) Contact Person: | _____ |
| d) Telephone & Fax: | _____ |
| e) Email Address | _____ |

- 2) Organization Type:
- | | |
|-------|------------------------------------|
| _____ | Mortgage company |
| _____ | Commercial bank |
| _____ | Private mortgage insurance company |
| _____ | S & L |
| _____ | Other _____ |

- 3) Types of mortgage loan you are approved to originate and service:

- | | |
|-------|-------------|
| _____ | FHA |
| _____ | VA |
| _____ | Freddie Mac |
| _____ | Fannie Mae |
| _____ | Other _____ |

- 4) How many years has your organization been in business? _____

- 5) Are you currently qualified to do business in Indiana? _____

- 6) What is the geographic scope of your operations?

- | | |
|-------|---|
| _____ | Part of state (which part or parts) _____ |
| _____ | Statewide |
| _____ | Regional |
| _____ | National |
| _____ | International |

- 7) Indiana operations: Do you meet one of the following criteria? Responding yes to any of these is self-certification that you fall into one of the following categories?

- a) A business whose principal place of business is located in the State of Indiana

- _____
- | |
|--|
| b) A business that pays a majority of its payroll (in dollar volume) to residents of the State of Indiana _____ |
| c) The majority of our employees reside in the State of Indiana _____ |
| d) A business that makes significant capital investments in Indiana (defined as: Capital Investment of no less than \$5,000,000 or annual lease payments no less than \$2,500,000) _____ |
| e) A business that has a substantial positive economic impact on the State of Indiana (defined as: Among the top 500 companies (not including not-for-profits, colleges/universities or energy |

companies) for payment of state sales, corporate, withholding, or unemployment taxes or number of employees _____

8) What is your organization's volume of the following servicing in house?

FNMA _____

GNMA _____

FHLMC _____

9) What is your organization's capital base? _____

10) Please attach the most recent audited financial statements of your organization.

11) Please give address, contact persons, and specific functions of all of the offices that will be involved in the Program. Also, identify the specific individuals who would be assigned to work with IHCDA and specify which person would be the primary contact person (name, address, phone number, facsimile number, and email address). Describe the nature of the work that each person would perform, his Mortgage Revenue Bond Program experience, and his related professional experience. Attach as separate sheet(s).

12) Bid for First Mortgage Servicing:

Please indicate the amount of the Servicing Release Fee you will pay as a percent of the first mortgage amount from the originating lender.

FNMA

_____ % SRF

0.25% Servicing Fee

_____ % SRF

0.30% Servicing Fee

_____ % SRF

0.35% Servicing Fee

_____ % SRF

0.375% Servicing Fee

FHLMC

_____ % SRF

0.25% Servicing Fee

_____ % SRF

0.30% Servicing Fee

_____ % SRF

0.35% Servicing Fee

_____ % SRF

0.375% Servicing Fee

GNMA

_____ % SRF

0.44% Servicing Fee

13) Servicing Portfolio Delinquency Rates:

Provide the information requested below with the respect to your firm's Mortgage Revenue Bond Servicing Portfolio as of the dates indicated in the table below. Describe your firm's policies and procedures relating to Loss Mitigation.

	12/31/05	12/31/04	12/31/03
Percentage of Loans 30 days delinquent	%	%	%
Percentage of Loans 60 days delinquent	%	%	%
Percentage of Loans 90 or more days delinquent (except for loans in process of foreclosure)	%	%	%
Percentage of Loans in foreclosure	%	%	%
Dollar amount of loans being	\$	\$	\$

serviced			
----------	--	--	--

14) Describe your organization's capabilities to act in capacity of Master Servicer and how your institution will provide the required services. What role, if any, will an Indiana office play in providing the aforementioned services?

15) Technology:

1. Of the loans that you currently service, do the borrowers have the ability to make online payments? How is this accomplished?
2. Do you have the ability to communicate with the Authority's Application Oriented Design (AOD) software – with regards to single-family loans and Great Plains for ongoing reporting? Describe connectivity and include any relevant material. In addition, if yes, please detail the clients and how it has worked.

16) Please list all state HFA's that you currently act as Master Servicer, the number of years in the role and the types of loans that you service on their behalf.

17) References: Please give three (3) state HFA's that you have experience servicing, include:

- 1) Contact Name
- 2) Title
- 3) Email
- 4) Phone number

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
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**EXHIBIT C
CERTIFICATE OF INDEPENDENT PRICE DETERMINATION**

I swear and affirm under penalty of perjury that the information submitted in this Bid is true and correct to the best of my knowledge and that the undersigned bidder has not conspired or colluded with any other organization submitting a bid proposal to the IHEDA in response to the RFP for Master Servicers.

Furthermore, the undersigned certifies that (check the box that applies):

I am the person in the respondent's firm responsible within that organization for the decision as to the prices being offered herein and I have not participated, and will not participate, in any action contrary to the restrictions cited above; **or**

I am not the person in the respondent's firm responsible within that organization for the decision as to the prices being offered herein, but that I have been authorized, in writing, to act as agent for the person responsible for such decision in certifying that such persons have not participated, and will not participate, in any action contrary to the restrictions cited above and as their agent does hereby so certify; and I have not participated, and will not participate, in any action contrary to the restrictions cited above.

Date: _____

Name of Institution: _____

By (Printed Name): _____

Signature: _____

Title: _____

"Sample Master Servicer Agreement. This is NOT a binding agreement between the Indiana Housing and Community Development Authority and any potential Master Servicer."

MASTER SERVICER AGREEMENT

BY AND BETWEEN

**INDIANA HOUSING FINANCE AUTHORITY
("AUTHORITY")**

AND

("MASTER SERVICER")

DATED AS OF

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MASTER SERVICER AGREEMENT

THIS MASTER SERVICER AGREEMENT (the "Servicer Agreement") entered into as of the ___ day of _____, 2006, by and between _____, a _____ corporation having its principal offices in _____ (the "Master Servicer"), and the INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic of the State of Indiana (the "State");

WITNESSETH:

WHEREAS, pursuant to the laws of the State, particularly Title 5, Article 20, Chapter 1 et seq. of the Indiana Code (the "Act"), and pursuant to duly adopted resolutions of the Authority, the Authority is authorized to carry out the public purposes described in the Act by issuing its revenue bonds to finance Mortgage Loans (hereinafter defined), originated by mortgage lenders ("Participants") pursuant to certain Origination Agreements (hereinafter defined), each among a Participant, the Authority and the Master Servicer, by acquiring Ginnie Mae Certificates and Fannie Mae Certificates (each as hereinafter defined) from the Master Servicer pursuant to this Master Servicer Agreement and pledging the Ginnie Mae Certificates and Fannie Mae Certificates as security for the payment of the principal of and interest on any such revenue bonds and by entering into any agreements made in connection therewith; and

WHEREAS, the Authority will from time to time issue its Single Family Mortgage Revenue Bonds, in different Series (the "Bonds") pursuant to an Amended and Restated Indenture of Trust, dated as of _____, by and between _____ as Trustee (the "Trustee") and the Authority, as supplemented by a Supplemental Indenture for each Series (each a "Supplemental Indenture") (each Supplemental Indenture and the Master Indenture are referred to collectively as the "Indenture") to finance Mortgage Loans through the purchase of the Mortgage Certificates; and

WHEREAS, the Master Servicer will, subject to the terms of this Servicer Agreement and any agreement between the Master Servicer and Fannie Mae (hereinafter defined), service the Mortgage Loans for Fannie Mae and perform certain administrative reporting duties under the Authority's Program (hereinafter defined) under the Indenture;

WHEREAS, the Master Servicer will, subject to the terms of this Servicer Agreement and any Commitment to Guarantee Mortgage Backed Securities (Form HUD 11704) between the Master Servicer and GNMA (hereinafter defined), service the Mortgage Loans for GNMA and perform certain administrative reporting duties under the Authority's Program (hereinafter defined) under the Indenture;

NOW THEREFORE, in consideration of the representations, warranties and mutual agreements herein contained, the sufficiency of which is hereby acknowledged, the Master Servicer and the Authority do hereby agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01. Definitions. Unless otherwise defined herein, all words and phrases defined in the Origination Agreements, Program Guide and the Indenture are used herein as so defined.

The following words and phrases shall have the following meanings:

"Acquisition Cost" means the cost of acquiring a Single Family Residence calculated pursuant to the Program Guide.

"Eligible Borrower" means any person meeting the qualifications of the Program and the Program Guide.

"Errors and Omissions Insurance Policy" means a standard form insurance policy, in form and substance as required by GNMA and/or Fannie Mae, insuring against losses from errors or omissions with respect to the Mortgage Loans.

"Fannie Mae" means the Federal National Mortgage Association, a federally chartered corporation organized and existing under the Federal National Mortgage Association Charter Act and any successor to its functions.

"Fannie Mae Agreement" means one or more Fannie Mae Pool Purchase Contracts between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer of Mortgage Loans to Fannie Mae and the servicing thereof.

"Fannie Mae Certificate" means a single pool, guaranteed mortgage-backed security, issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by Fannie Mae.

"Fannie Mae's Custodian" means a banking institution selected from time to time by the Master Servicer acceptable to Fannie Mae.

"Fannie Mae Guide" means the Fannie Mae Selling and Servicing Guides, as amended from time to time, as modified by the Fannie Mae Agreement.

"Fannie Mae Pass-Through Rate" means that rate of interest stated on a Fannie Mae Certificate.

"Fannie Mae Pool" means the assemblage of Mortgage Loans backing the issuance of Fannie Mae Certificates.

"GNMA" means the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development and any successor to its functions.

"GNMA Certificate" means a certificate purchased by the Trustee, issued by the Master Servicer and guaranteed by GNMA pursuant to GNMA's GNMA Mortgage-Backed Securities Programs and other related provisions under the National Housing Act of 1934, as amended, and based on and backed by Mortgage Loans referred to in the GNMA Guaranty Agreement.

"GNMA Commitment" means the Commitment to Guarantee Mortgage Backed Securities (HUD Form 11704).

"GNMA's Custodian" means a banking institution selected from time to time by the Master Servicer acceptable to GNMA.

"GNMA Guaranty Agreement" means one or more guaranty agreements in the form set forth in the GNMA Guide between the Master Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates backed by Mortgage Loans.

"GNMA Guide" means with respect to a series of Bonds either the GNMA I or II Mortgage-Backed Security Guides, GNMA Hand-Book 5500.1 or GNMA Hand-Book 5500.2, as amended from time to time, for the GNMA Mortgage-Backed Securities Program pursuant to which GNMA Certificates can be purchased under the provisions of the Indenture.

"GNMA Pass-Through Rate" means that rate of interest stated on a GNMA Certificate.

"GNMA Pool" means the assemblage of Mortgage Loans backing the issuance of GNMA Certificates.

"Indenture" means the Amended and Restated Indenture of Trust, dated as of February 1, 1997, between the Authority and NBD Bank, N.A., as Trustee, as supplemented and amended.

"Loans" means Mortgage Loans or Second Mortgage Loans.

"Master Servicer Submission Certificate" means that document in the form attached as either Exhibit A or Exhibit B hereto, as applicable.

"Mortgage" means the interest in the Mortgaged Property creating a first lien thereon and providing security for the Mortgage Loan.

"Mortgage File" means all documents related to the Loans listed in the Program Guide.

"Mortgage Loan" means any obligation secured by real property in the State upon which a Single Family Residence is located and acquired by the Master Servicer pursuant to the Servicer Agreement that meets the requirements of GNMA, Fannie Mae and the Program.

"Mortgaged Property" means the real property located in the State that is subject to a specified Mortgage securing the Mortgage Loan relating thereto, or a Specified Second Mortgage securing the Second Mortgage Loan related thereto, as the case may be.

"Mortgagor" means an eligible borrower who has received a Loan from the Participant secured by a Mortgage on the Mortgaged Property in the case of Mortgage Loans, or a Second Mortgage on the Mortgaged Property in the case of Second Mortgage Loans and any subsequent person who assumes such Mortgage or Second Mortgage and who qualifies as an Eligible Borrower.

"Non-Qualifying Mortgage Loan" means any mortgage loan which does not conform to the Program, Program Guide, GNMA Guide, GNMA Guaranty Agreement, Fannie Mae Guide or Fannie Mae Agreement.

"Notice Address" means the address specified on the signature page of this document.

"Origination Agreement" means each separate but substantially identical Mortgage Origination and Sale Agreement together with any supplements thereto by and among the Authority, the Master Servicer, and each Participant pursuant to which each Participant agrees to originate Loans and to sell and assign such Loans to a Master Servicer selected by the Authority.

"Origination Period" means the period commencing and terminating on dates to be determined solely by the Authority, during which the Participants may deliver Loans to the Master Servicer for Purchase.

"PMI Insurer" means any private mortgage insurance company approved by Fannie Mae and providing Private Mortgage Guaranty Insurance on the Mortgage Loans.

"Private Mortgage Guaranty Insurance" means a private mortgage guaranty insurance policy issued by a PMI Insurer with respect to a Mortgage Loan in accordance with the terms hereof in a form and providing coverage in an amount as shall be approved by Fannie Mae in accordance with the Fannie Mae Guide.

"Program" means the program for the financing of loans for residential single family housing established by the Authority pursuant to the Act, the Origination Agreement, this Servicer Agreement, the Indenture and the Program Guide, as the same may be amended from time to time consistent with the Indenture.

"Program Guide" means the Program Guide for Participants and Master Servicers adopted by the Authority for its single family mortgage programs, including the Program, as in effect on the date of the Supplemental Indenture with respect to a specific series of bonds and as revised, amended, altered or supplemented from time to time in accordance with the Act and the Indenture.

"Purchase" means any Purchase pursuant to the Origination Agreement whereby the Master Servicer purchases a Loan from the Participant.

"Purchase Date" means the date on which a Purchase occurs as provided in the Program Guide.

"Purchase Price" means (i) with respect to a Fannie Mae Certificate to be purchased from the proceeds of a series of Bonds, an amount equal to the percentage of the outstanding principal amount of such Fannie Mae Certificate specified in the Supplemental Indenture authorizing such series of Bonds as provided in Section 5.04 hereof, and (ii) with respect to a GNMA Certificate to be purchased from the proceeds of a series of Bonds, an amount equal to the percentage of the outstanding principal amount of such GNMA Certificate specified in the Supplemental Indenture authorizing such series of Bonds as provided in Section 5.02 hereof.

"Second Mortgage" means the interest in the Mortgaged Property creating a lien thereon second in priority only to the Mortgage and providing security for the Second Mortgage Loan.

"Second Mortgage Loan" means an obligation secured by a Second Mortgage on real property located in the State upon which a Single Family Residence is located, second in priority only to a Mortgage Loan.

"Service Fee" means (i) the monthly fee to the Master Servicer of .585% of the aggregate outstanding principal amount of Mortgage Loans underlying the Fannie Mae Certificates (from which the Master Servicer shall pay to Fannie Mae monthly its guaranty fee of .21% of the aggregate outstanding principal amount of the Mortgage Loans) and (ii) the monthly fee to the Master Servicer of .50% of the aggregate outstanding principal amount of Mortgage Loans underlying the GNMA Certificates (from which the Master Servicer shall pay to GNMA monthly its guaranty fee of .06% of the aggregate outstanding principal amount of the Mortgage Loans).

"Servicer Officer" means any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Loans whose name appears on a list of servicing officers furnished to the Authority at or prior to the date of delivery of the Bonds by the Master Servicer, as such list may from time to time be amended.

"Single Family Residence" means, consistent with the requirements of the Program Guide, improvements, including all fixtures located in the State, together with the land on which such improvements are located which are reasonably necessary to maintain basic livability, designed primarily for residential housing for one family and eligible for financing under the Program.

"State" means the State of Indiana.

"Term" means the term of this Servicer Agreement, which shall commence upon the execution and delivery by all parties to this Servicer Agreement and shall terminate on the date which is sixty (60) days following the date on which the entire amount of principal and interest on all Loans administered and serviced hereunder have been paid in full.

ARTICLE II.

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants of the Authority. The Authority represents and warrants to, and covenants with, the Master Servicer during the Term hereof that:

- (a) The Authority has duly authorized the execution of this Servicer Agreement;
- (b) The Authority has full power and authority to consummate all transactions contemplated by this Servicer Agreement, the Bonds and the Indenture and any and all other agreements, documents and instruments relating thereto;
- (c) Relative to formation of GNMA Pools and Fannie Mae Pools, the Authority will cooperate with the Master Servicer by providing information reasonably requested by the Master Servicer;
- (d) Prior to originating a Loan pursuant to the Program, each Participant shall execute an Origination Agreement and the Authority will cooperate with the Master Servicer in enforcing the Master Servicer's rights thereunder, including its right to indemnity;
- (e) The Authority will cause the Trustee promptly to purchase the GNMA Certificates and Fannie Mae Certificates delivered by the Master Servicer; and
- (f) The Authority will notify the Master Servicer promptly upon the determination by the Authority as to the termination date of the Origination Period.

Section 2.02. Representations, Warranties and Covenants of Master Servicer. The Master Servicer represents and warrants to, and covenants with, the Authority during the Term hereof that:

- (a) The Master Servicer is duly organized, validly existing and in good standing under the laws of the state of its organization, or is duly chartered or incorporated under federal law, and is duly authorized to do business in the State and in every other state in which its business requires such authorization and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by this Servicer Agreement and the Origination Agreements and to execute, deliver and comply with its obligations under this Servicer Agreement and the Origination Agreements, and the execution, delivery and performance of this Servicer Agreement and the Origination Agreements have been duly authorized by all necessary corporate action.
- (b) The Master Servicer will remain subject to supervision and examination by State or federal authorities, as may be applicable, and will remain in good standing and qualified to do business under the laws of the United States of America and under

the laws of each state in which such qualification is required, will not dissolve or otherwise dispose of all or substantially all of its assets and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; provided, that the Master Servicer may, without violating the agreement contained in this subsection, consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets as an entirety and thereafter dissolve, so long as the surviving, resulting or transferee entity, as the case may be, shall (i) be subject to the supervision and examination of state or federal authorities, as may be applicable, (ii) be an FHA/VA approved mortgage and a GNMA approved seller/servicer, (iii) be a Fannie Mae approved seller/servicer, (iii) assume in writing all of the obligations and warranties of the Master Servicer under this Servicer Agreement, (iv) see that physical custody of all Mortgage Loan Files be kept in an office of either GNMA's Custodian or Fannie Mae's Custodian, as applicable, and (v) have a net worth after the consolidation, merger, sale or other transfer at least equal to that of the Master Servicer immediately prior to said consolidation, merger, sale or other transfer.

- (c) The Master Servicer has the power to execute, deliver and accept the terms of this Servicer Agreement and the Origination Agreements, together with all documents and instruments pertaining thereto, and to enter into the transactions contemplated by this Servicer Agreement and the Origination Agreements, together with all documents contemplated by either which have been executed and delivered by the Master Servicer, and assuming due authorization, execution and delivery by the Authority and the Participants, as the case may be, constitute valid, legal and binding obligations of the Master Servicer, enforceable in accordance with their respective terms, except only as the enforcement thereof may be limited by applicable bankruptcy laws.
- (d) The execution and delivery of this Servicer Agreement and the Origination Agreements by the Master Servicer and the performance and compliance with their respective terms by the Master Servicer do not require the consent or approval of any governmental authority, or if such consent or approval is required, it has been obtained.
- (e) The execution and delivery of this Servicer Agreement and the Origination Agreements in the manner contemplated herein and therein and the performance and compliance with the terms and conditions of this Servicer Agreement and the Origination Agreements do not conflict with and will not result in any breach or violation of (i) the articles of incorporation, the articles of association, the by-laws or other governing instrument, as applicable, of the Master Servicer, or (ii) any of the terms, conditions or provisions of and applicable laws, including regulations, or (iii) any agreement or instrument to which the Master Servicer is now a party or by which it or any of its assets is bound, and do not and will not constitute a

default (or an event which, with notice or lapse of time, or both, would constitute a default) under any of the foregoing.

- (f) The Master Servicer has not taken and will not take any action or permit any action that is within its control to be taken which would impair the excludability from gross income for federal income tax purposes of interest on the Bonds.
- (g) The Master Servicer shall furnish, prior to the delivery of the Bonds, certified resolutions evidencing the Master Servicer's authority to participate in the Program and such other documents as may reasonably be requested by other parties to the transactions contemplated hereby.
- (h) No information or statement furnished by the Master Servicer contains, and no report required hereunder to be delivered by the Master Servicer to the Authority will contain any untrue statement of a material fact or will omit to state a material fact necessary to make such information, statements or reports not misleading.
- (i) The Master Servicer will, from time to time, promptly do each and every act and thing which may be reasonably necessary or required to perform its duties and obligations under this Servicer Agreement, the GNMA Guide, Fannie Mae Guide, the Program Guide and the Origination Agreements.
- (j) The Master Servicer is and will at all times during the Term be a Fannie Mae approved and FHA approved lender possessing without restriction all rights and privileges thereunder.
- (k) The Master Servicer is and will at all times during the Term be a GNMA approved issuer of GNMA Certificates and seller/servicer of Mortgage Loans, servicer of the underlying Mortgage Loans and an FHA/VA approved lender possessing without restriction all rights and privileges thereunder.
- (l) The Master Servicer will comply, in the performance of this Servicer Agreement and the Origination Agreements, with all rules and requirements of the GNMA Guide, the Fannie Mae Guide, the Program Guide, FHA, VA and PMI rules and regulations and all agreements contemplated herein and therein.
- (m) The Master Servicer will strictly obey, comply with and observe all laws, rules, regulations and executive orders of all federal, state and local governments and regulatory bodies.
- (n) Upon request of the Authority and as provided in any and all documents, the Master Servicer will report information relating to the Loans, the GNMA Certificates and the Fannie Mae Certificates to the Authority and will do every act and thing which may be necessary or required to perform its duties under this Servicer Agreement, GNMA Guide, Fannie Mae Guide, the Program Guide and the Origination Agreements.

- (o) The Master Servicer shall be deemed by execution hereof to have executed such Origination Agreements and shall have and perform all of its obligations and duties set out in the Origination Agreements and the Program Guide.
- (p) The Master Servicer shall promptly proceed to pool and assign Mortgage Loans to Fannie Mae under the terms of its Fannie Mae Agreement.
- (q) The Master Servicer shall promptly proceed to pool and assign Mortgage Loans to GNMA under the terms of its GNMA Guaranty Agreement.
- (r) The Master Servicer will fully comply with all requirements of GNMA and Fannie Mae concerning proper delivery and servicing of the Mortgage Loans, including, but not limited to, requirements set forth in the GNMA Guide and Fannie Mae Guide.
- (s) The Master Servicer shall promptly submit to GNMA requests for commitments to guarantee mortgage-backed securities from GNMA, with respect to the Mortgage Loans to be originated pursuant to the Origination Agreements.
- (t) The Master Servicer will obtain and maintain in full force and affect a Fannie Mae Agreement providing for Fannie Mae to guarantee Mortgage Loans in an amount necessary to satisfy the Authority's requirements with respect to the Program.
- (u) The Master Servicer will obtain and maintain in full force and affect a GNMA Guaranty Agreement obligating GNMA to guarantee Mortgage Loans in an amount necessary to satisfy the Authority's requirements with respect to the Program.
- (v) The Master Servicer will promptly cause the issuance of the GNMA Certificates and the Fannie Mae Certificates for sale to the Trustee upon the terms and conditions specified in this Servicer Agreement, the Indenture and the Origination Agreements.
- (w) The Master Servicer is organized and operated for the purpose, among others, of providing for the issuance of GNMA Certificates and Fannie Mae Certificates, has full legal power and authority under its organizational documents and applicable laws to execute and deliver the GNMA Certificates and Fannie Mae Certificates and to perform its obligations hereunder and thereunder, and by proper action has duly authorized the delivery of the GNMA Certificates and Fannie Mae Certificates.
- (x) All GNMA Certificates, upon the issuance, execution and delivery thereof, will constitute legal, valid and binding obligations of the Master Servicer enforceable in accordance with their terms, except only as limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the entreatment of creditors'

rights and applicable principles of equity and will be guaranteed by a GNMA Guaranty Agreement.

- (y) In conjunction with the delivery of each GNMA Certificate to the Trustee for purchase, the Master Servicer shall notify the Trustee in writing of the aggregate original principal amount of Mortgage Loans on Targeted Area Homes represented by such GNMA Certificate.
- (z) All receipts and all escrow amounts collected in connection with the Mortgage Loans shall be deposited in federally insured financial institutions as selected by the Master Servicer and, if applicable, GNMA and/or Fannie Mae.
- (aa) The Master Servicer will deliver on the date of delivery of each series of Bonds, a certificate signed by an authorized officer of the Master Servicer to the effect that the information regarding the Master Servicer and this Servicer Agreement included in each Official Statement of the Authority relating to that series of Bonds under the caption "SINGLE FAMILY MORTGAGE PROGRAM" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (bb) The Master Servicer covenants and agrees to maintain and keep a fidelity bond and an "Errors" and "Omissions" Insurance Policy in full force and effect throughout the term and as required by GNMA and Fannie Mae. The Master Servicer, at its own expense, agrees to pay the cost of the fidelity bond and the premium for the Errors and Omissions Insurance Policy on the basis specified by such bond or policy. No provision of this subsection shall operate to diminish, restrict or otherwise limit the Master Servicer's responsibilities and obligations as set forth in this Servicer Agreement.
- (cc) The Master Servicer shall, prior to the execution of this Servicer Agreement by the Authority, deliver to the Authority the opinion of its independent counsel in a form acceptable to Authority's general counsel and to bond counsel as to (i) generally, the Master Servicer's power and authority to enter into the Servicer Agreement and the Origination Agreements and the validity of and the enforceability of both agreements against the Master Servicer and (ii) specifically, and without limiting in any way the foregoing, as to the matters set out herein in subsections (a), (c), (d), (e) (w) and (x).

ARTICLE III.

GENERAL PROVISIONS

Section 3.01. Mutual Agreement. The Master Servicer and the Authority agree during the Term hereof as follows:

- (a) Upon termination of this Servicer Agreement, upon termination of servicing and administration with respect to any Loan or upon assignment of the Master Servicer's servicing and administration responsibilities under this Servicer Agreement, the Master Servicer shall promptly, but not later than thirty (30) days after such termination or assignment, supply all reports, documents and information which may be reasonably requested by the Authority, and which are customarily provided upon such termination or assignment, to any person or entity designated by the Authority and shall use its best efforts to effect the orderly and efficient transfer of servicing and administration to a new servicer approved by the Authority and GNMA and/or Fannie Mae, as applicable, as selected by the Master Servicer, including preparation of accounting statements in the form required by GNMA and/or Fannie Mae, as applicable, and delivery to GNMA and/or Fannie Mae, as applicable, or their respective designee, of all money held and all papers and records pertaining to such Loans.
- (b) The Authority shall have the right to require the Master Servicer to furnish documentation relating to proposed assumptions of Loans as the Authority deems necessary from time to time in order to determine compliance with the provisions of this Servicer Agreement and the Origination Agreements.

Section 3.02. Non-Assignment of Rights and Duties; Master Servicer Not to Resign. Other than in connection with an event permitted under Section 2.02(b) hereof, or otherwise with the prior written consent of the Authority, GNMA and Fannie Mae, the Master Servicer shall not assign or transfer its rights, duties or obligations under this Servicer Agreement. The Master Servicer shall not have the right to resign from the obligations and duties hereby imposed on it, except after giving ninety (90) days' written notice to the Authority and the Trustee. In such event, such resignation shall be effective only after a GNMA and Fannie Mae approved seller/servicer selected by the Authority and acceptable to the Trustee has assumed the duties hereunder.

Section 3.03. The Master Servicer as Participant. The Master Servicer may act as a Participant under the Program and in such case shall be bound as a Participant by the terms and agreements contained in the applicable Origination Agreement.

ARTICLE IV.

PURCHASE AND SERVICING OF LOANS

Section 4.01. Purchase of Mortgage Loans. The Master Servicer shall Purchase, on the Purchase Dates, all Loans originated by Participants made in accordance with, and meeting all of the requirements of, the Origination Agreements, the Program Guide, the GNMA Guide and/or the Fannie Mae Guide throughout the Origination Period. The Master Servicer hereby agrees, covenants and warrants that: (i) all Mortgage Loans included in a GNMA Pool will, at the time of inclusion in a GNMA Pool, meet all the requirements of the Origination Agreements, the Program Guide and the GNMA Guide; (ii) all Mortgage Loans will, at the time of inclusion in a Fannie Mae Pool, meet all the requirements of the Origination Agreements, the Program Guide

and the Fannie Mae Guide; (iii) any Second Mortgage Loans will meet all the requirements of the Origination Agreements and the Program Guide; and (iv) it will thereafter take all action that is necessary to assure the continuing compliance of each with such requirements.

Prior to the Purchase of a Loan, the Participant shall have submitted to the Authority and the Master Servicer the documents listed in the Program Guide.

For each Mortgage Loan purchased for inclusion in a Fannie Mae Pool, the Master Servicer shall pay Participant an amount equal _____ of the principal balance of the Mortgage and, in addition, the Master Servicer shall pay to Authority an amount equal to _____ of the principal balance of the Mortgage Loan.

For each Mortgage Loan purchased for inclusion in a GNMA Pool, the Master Servicer shall pay Participant an amount equal to _____ of the principal balance of the Mortgage Loan and, in addition, the Master Servicer shall pay to Authority an amount equal to _____ of the principal balance of the Mortgage Loan.

Section 4.02. Progress Reports. The Master Servicer agrees to supply the Authority with such information as may be reasonably requested on a weekly basis as to the progress of Participants in originating and selling Loans.

Section 4.03. Master Servicer Duties and Responsibilities. Until the Mortgage Loans are sold to Fannie Mae or assigned to GNMA, as applicable, in the case of a Mortgage Loan, and until termination of the Second Mortgage in the case of a Second Mortgage Loan, the Master Servicer shall service the Loans and shall have such power and authority, acting alone, to take such actions as may be reasonably necessary to discharge its duties with respect to such servicing, which power and authority shall include (i) the right to execute and deliver customary consents or waivers and other instruments and documents required in the performance of those duties, (ii) the right to consent to assumptions of the Loans subject to Program requirements, (iii) the right to execute releases from liability of any seller of property encumbered by the Loans (in the manner hereinafter provided) in accordance with FHA and VA guidelines, (iv) the right to collect any insurance proceeds and (v) the right to effectuate foreclosure or other conversion of the ownership of the property subject to the Mortgage and a Second Mortgage, as the case may be; provided, that the consummation of the foregoing shall not be inconsistent with or prejudicial to the rights and interest of FHA, VA, GNMA, Fannie Mae, the PMI Insurer, the Participants or the Authority.

As of the date of the issuance of the Fannie Mae Certificate, the servicing duties of the Master Servicer shall also be subject to the Fannie Mae Guide. As of the date of the issuance of the GNMA Certificate, the servicing duties of the Master Servicer shall also be subject to the GNMA Guide.

Section 4.04. Defective Documents and Non-Qualifying Mortgage Loans; Repurchase of Mortgage Loans by Master Servicer. If any document constituting a part of a Mortgage File is defective in any respect, or if it is determined that a Mortgage Loan is a Non-Qualifying Mortgage Loan, the Authority shall immediately notify the Master Servicer or, if the Master

Servicer shall become aware of either such situation, it shall immediately notify the Authority, and the Master Servicer shall cure the defect within a period of thirty (30) days from the time such defect or such determination is made known to the Master Servicer (the "Cure Period"). The Authority shall reasonably cooperate in the Master Servicer's efforts to cure any defects.

The Master Servicer hereby covenants and agrees that, if any material defect cannot be cured within the Cure Period, the Master Servicer shall, not later than thirty-five (35) days after expiration of the Cure Period, purchase the related Mortgage Loan from the GNMA Pool or the Fannie Mae Pool, as applicable, at a price equal to (i) one hundred percent (100%) of the principal remaining unpaid on such Mortgage Loan, plus (ii) all accrued interest thereon, plus (iii) if such purchase is made necessary by reason of the negligence or error on the part of the Master Servicer or by any reason of the Master Servicer's disregard of its obligations hereunder which determination shall be made by the Authority, an amount equal to one percent (1%) of the unpaid principal amount of such Mortgage Loan, which amount, if any, shall be paid directly to the Authority. The purchase price for the repurchased Mortgage Loan shall be paid in full to the holder of the GNMA Certificate or Fannie Mae Certificate, as applicable, in accordance with the terms of such Certificate. The Master Servicer may, after purchase of the Mortgage Loan, exercise its rights to cause the Participant that originated the Mortgage Loan to repurchase the same pursuant to the applicable Origination Agreement.

It is hereby understood and agreed by the Master Servicer that it shall have an obligation to repurchase Mortgage Loans pursuant to this Section 4.04 notwithstanding any act or omission pertaining to or any review of the documents constituting the Mortgage File conducted by the Authority. The Authority will cooperate with the Master Servicer in requiring the Participant to repurchase the Mortgage Loan.

Section 4.05. Servicing Standards. The Master Servicer shall service all Loans in accordance with this Servicer Agreement, the Program requirements, the Program Guide and in the case of Mortgage Loans, in accordance with the loan servicing requirements of (i) the Fannie Mae Guide relating to mortgage loans serviced under programs regulated by it and in accordance with requirements of the Fannie Mae Guide; shall provide prompt monthly principal and interest payments required as provided under the Fannie Mae Guide; and shall render reports, as required by the Fannie Mae Guide, to the Authority and Fannie Mae with respect to the status of the Program, and (ii) the GNMA Guide relating to mortgage loans serviced under programs regulated by it and in accordance with requirements of the GNMA Guide; shall provide prompt monthly principal and interest payments required as provided under the GNMA Guide; and shall render reports, as required by the GNMA Guide, to the Authority and GNMA with respect to the status of the Program. All amounts required to be paid to the Authority or the Trustee in accordance with the Servicer Agreement or the Program Guide shall be paid when due and shall not be subject to withholding pending the resolution of any dispute or to any right of set-off or counterclaim by or on account of the Master Servicer.

Section 4.06. No Assumptions. No Mortgage or Second Mortgage may be assumed without the express prior written consent of the Authority. If the Authority consents to any such assumption, the Master Servicer shall forward to the Authority a certificate stating that the Master Servicer has reviewed the assumption and finds that the assumptor, the property and the

loan meet the requirements of the Program Guide and the loan will be a qualifying Loan and the assumptor will be an Eligible Borrower.

In connection with the assumption of a Loan, the Master Servicer may charge an assumption fee that does not exceed those assumption fees permitted by FHA and VA, as appropriate, from time to time.

Section 4.07. Indemnification. The Master Servicer shall indemnify the Authority and the Trustee and hold them harmless from any loss, damage or expense (including reasonable attorneys' fees) that the Authority or the Trustee may sustain as a result of any failure on the part of the Master Servicer to perform its services, duties and obligations promptly and properly under this Servicer Agreement, the Origination Agreements and the Program.

Section 4.08. Compensation. The Master Servicer's sole compensation for servicing the Mortgage Loans shall be the Service Fee and all customary charges permitted by FHA and VA, as appropriate, from time to time.

Section 4.09. Certain IRS Information. The Master Servicer shall provide the Authority with any information necessary to complete any qualified mortgage bond information report required by the federal tax laws on a timely basis.

Section 4.10. Master Servicer Reports.

- (a) Not later than one hundred twenty (120) days after the end of the Master Servicer's fiscal year, the Master Servicer, at its expense, shall furnish to the Authority (i) an audited financial statement containing an unqualified opinion by a firm of independent certified public accountants acceptable to the Authority, and (ii) a statement from the independent certified public accountants concerning compliance with servicing standards on the basis of an examination conducted in compliance with the audit program for mortgages services by GNMA, Fannie Mae requirements, the United States Department of Housing and Urban Development Mortgagee Audit Standards or the Uniform Single Audit Program for Mortgage Bankers.
- (b) Included with the above-mentioned financial statements, the Master Servicer shall also forward to the Authority an annual statement by an authorized officer certifying that the Master Servicer's servicing of the Loans has been conducted in compliance with this Servicer Agreement and the Origination Agreements except for (i) noted exceptions as such Authorized Officer shall believe to be immaterial and (ii) such other exceptions as shall be set forth in detail in such statement. Contemporaneously with such annual statement, the Master Servicer shall also deliver to the Authority and the Trustee a certificate of an Authorized Officer stating that (A) a review of the activities of the Master Servicer during the preceding year with respect to performance under this Servicer Agreement and the Origination Agreements has been made under such Authorized Officer's supervision and (B) there is, as of such date, no default by the Master Servicer in

the fulfillment of any of its obligations under this Servicer Agreement and the Origination Agreements, or if there is any such default, specifying each such default and the nature and status thereof.

- (c) The Master Servicer shall provide to the Authority current loan balance information on a case-by-case basis as reasonably requested by Authority from time to time within seven (7) Business Days of such request.
- (d) The Master Servicer shall file monthly with the Authority and the Trustee, copies of the GNMA Issuer's Monthly Accounting Report and the GNMA Liquidation Schedule, and copies of the appropriate Fannie Mae reports and schedules, together with any subsequent or substitute form or forms designed as replacements.
- (e) The Master Servicer shall notify the Authority in writing by the fifth (5th) Business Day of each month of all Loans paid in full and satisfied in the immediately preceding month.

ARTICLE V.

THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES

Section 5.01. Issuance of GNMA Certificates. The parties understand and acknowledge that each GNMA Certificate shall unconditionally obligate the Master Servicer to remit monthly its pro rata share of (i) principal payments and prepayments made with respect to the GNMA Pool of Mortgage Loans represented by the GNMA Certificate and (ii) interest received at a rate equal to the GNMA Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Certificate such holder's pro rata share of (a) the timely payment of interest at the GNMA Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Certificate and (b) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Certificate. In the event GNMA so requires pursuant to GNMA's book entry system, in lieu of the aforesaid certificate, the confirmation of GNMA's guaranty obligation shall be transmitted to the Trustee or its designee electronically.

It is hereby recognized and acknowledged that the procedures set forth in this Section are applicable to the issuance of GNMA Certificates by the Master Servicer as of the date of this Servicer Agreement, and the parties hereto further recognize and acknowledge that the procedures, guidelines and policies of GNMA and FHA and/or VA, as appropriate, may be amended or modified in the future to such an extent that it may become impractical or impossible for the Master Servicer to perform pursuant to this Servicer Agreement and the Origination Agreements, in which event this Servicer Agreement shall be deemed to be amended to conform to such guidelines or policies.

- (a) Subject to the terms and conditions hereof, the Master Servicer shall purchase, pool and service Mortgage Loans in accordance with the terms of the Origination Agreements and shall submit an appropriate application and non-refundable

GNMA commitment fee to GNMA for a commitment or commitments to guaranty the GNMA Certificates in accordance with the procedures set forth in this Section 5.01. The Master Servicer shall only include in a GNMA Pool Mortgage Loans that are originated in connection with the same series of Bonds. The Master Servicer shall not pool Mortgage Loans originated with varying interest rates into a GNMA Pool without the prior written consent of the Authority.

- (b) It is recognized and agreed that, in accordance with the GNMA Guide, the Master Servicer shall issue GNMA Certificates which shall be comprised of the types of Mortgage Loans as described in and meeting the requirements of the Origination Agreements. A GNMA Certificate shall be based on and backed by a Mortgage Loan Pool in a minimum principal amount of one million dollars (\$1,000,000), or such lesser amount as may be permitted or approved by GNMA.
- (c) The Master Servicer shall maintain current records with respect to the principal amounts of Mortgage Loans which the Master Servicer has purchased and the Mortgage Loans the Master Servicer anticipates to be funded within the next thirty (30) days for the purpose of determining the date on which any GNMA Certificate based on and backed by the GNMA Pool shall be issued by the Master Servicer. The Master Servicer shall exercise its best judgment to cause the assemblage of Mortgage Loans to occur to enable the formation of a GNMA Pool in as expeditious a manner as possible so that the Master Servicer may purchase Mortgage Loans without any delays resulting to the Participants or the Mortgagors. The Master Servicer agrees to use its best efforts to process Mortgage Loans within a period of twenty (20) days or less (or as soon as possible thereafter) from the date of Purchase of a Mortgage Loan to the issuance of the related GNMA Certificate. The Master Servicer may, in its discretion, make the determination to provide for the issuance of GNMA Certificates at such time, in the judgment of the Master Servicer, as the amount of Mortgage Loans purchased by the Master Servicer is sufficient for the issuance of GNMA Certificates by the Master Servicer. GNMA Certificates to be issued hereunder must be delivered to the Trustee for purchase by the Trustee in accordance with the provisions of the Indenture.
- (d) The Master Servicer shall aggregate the Mortgage Loans Purchased and may hold Mortgage Loans for the account of the Master Servicer. The Master Servicer may "warehouse" any portion of such Mortgage Loans until the final aggregation of the Mortgage Loans to form a GNMA Pool or until such time that the Master Servicer deems it advisable, in the exercise of due diligence to cause the issuance of any GNMA Certificate.
- (e) In the event that the Master Servicer has Mortgage Loans in a sufficient aggregate principal amount to constitute a GNMA Pool to allow for the issuance of a GNMA Certificate, the Master Servicer shall aggregate all such Mortgage Loans to form such GNMA Pool and shall submit appropriate applications to GNMA for

a GNMA Guaranty Agreement of the GNMA Certificates in accordance with this Servicer Agreement and the Origination Agreements.

- (f) Prior to the issuance of any GNMA Certificate, the Master Servicer shall take the necessary steps to ensure that the total face amount of any GNMA Certificate issued by the Master Servicer based on and backed by a GNMA Pool will not be issued in such an amount which would either (i) preclude the subsequent origination of Mortgage Loans by Participants or (ii) if Mortgage Loans are funded and a GNMA Pool is comprised of such Mortgage Loans, preclude the issuance of a GNMA Certificate backed by such GNMA Pool. The Authority agrees to cooperate fully with the Master Servicer to provide it with the necessary information requested by the Master Servicer to comply with this paragraph.
- (g) The Master Servicer hereby agrees that any Mortgage Loans submitted to it for Purchase by a Participant and the Master Servicer in accordance with Section 5.01(1) of this Agreement shall purchase which meet the requirements of the Origination Agreement, Program Guide and GNMA Guide.
- (h) The Program and the Mortgage Loans thereunder shall have priority over other loans originated by the Master Servicer to any unfunded GNMA Certificates available to the Master Servicer or to the issuance of any other GNMA Certificates not specifically pledged to an identifiable lending activity.
- (i) Pursuant to the GNMA Guide as amended or supplemented from time to time, the Master Servicer may provide for the issuance of GNMA Certificates in a minimum principal face amount of one million dollars (\$1,000,000), or such lesser amount as may be approved by GNMA. The total principal face amount of any issue of GNMA Certificates shall not exceed the aggregate unpaid principal balances of Mortgage Loans in the GNMA Pool.
- (j) The Master Servicer shall pay any and all required fees in connection with the submission of the appropriate application to GNMA for a commitment for the guarantee by GNMA of the issuance of each GNMA Certificate.
- (k) The Master Servicer agrees to notify the Trustee at least two (2) calendar days before each proposed delivery to the Trustee of a GNMA Certificate of the aggregate principal amount of the GNMA Certificate to be acquired. Such notice may be in writing, delivered by telecopy, courier or regular mail or orally communicated and confirmed in writing. Subject to the written authorization of the Authority, the Trustee shall disburse moneys in the Loan Account as set forth in Section 5.02 hereof for the acquisition of a GNMA Certificate only upon receipt by the Trustee (with a copy to the Authority) of the GNMA Certificate and the Master Servicer Submission Certificate with respect to the Mortgage Loans in the GNMA Pool backing the GNMA Certificate and all of the items required in the Indenture. The Trustee will make such purchase promptly upon receipt of all appropriate documentation by wiring funds to the Master Servicer in accordance

with wiring instructions provided to the Trustee at the time of delivery of the GNMA Certificate and the Master Servicer Submission Certificate.

- (l) The Master Servicer shall purchase Mortgage Loans on a regular weekly basis.

Section 5.02. Acquisition of GNMA Certificates by the Trustee.

- (a) The Authority hereby agrees to acquire, through the Trustee, the GNMA Certificates delivered by the Master Servicer to the Trustee in accordance with this Servicer Agreement and the Indenture. All GNMA Certificates to be purchased by the Trustee shall be delivered to the Trustee in accordance with the terms of the Indenture. The obligation of the Authority and the Trustee as set forth in this Section 5.02 shall be limited to the proceeds of the Bonds available for such purpose in the Loan Account under the Indenture, provided that the Authority and the Trustee shall not have any obligation to acquire or accept delivery of any GNMA Certificate unless the requirements hereof and of the Origination Agreements with respect to each Mortgage Loan backing the related GNMA Certificate have been satisfied and the Trustee has received from the Master Servicer the Master Servicer Submission Certificate relating to the GNMA Certificate together with all other requirements of the Indenture.
- (b) Each GNMA Certificate shall bear interest at the GNMA Pass-Through Rate. The Master Servicer shall assemble the GNMA Pool and issue GNMA Certificates using only the "concurrent dates" method (as defined in the GNMA Guide) in order to provide that the final payment on the GNMA Certificate be received by the Trustee no later than twenty (20) days after the final maturity date of the related GNMA Certificate.
- (c) The Trustee shall purchase GNMA Certificates delivered by the Master Servicer provided the GNMA Certificate has been approved by the Authority upon two days written notice (or if such date is not a Business Day, the next Business Day thereafter). Upon delivery of a GNMA Certificate to the Trustee, the Master Servicer shall be entitled to receive, as payment for the GNMA Certificate, an amount equal to one hundred and 00/100 percent (100.0%) of the principal amount of the GNMA Certificate, plus accrued interest to the date of purchase. Accrued interest will be paid the day following the receipt of the first principal and interest payment from the GNMA Certificate.
- (d) After purchase of a GNMA Certificate by the Trustee, the Master Servicer will, in the case of GNMA I Pools, remit to the Trustee, or in the case of GNMA II Pools, maintain sufficient cash balances to fund, or otherwise comply with GNMA requirements concerning, all payments of principal, interest and any Mortgage Loan principal prepayments that are payable with respect to the Mortgage Loans which back the applicable GNMA Certificates when any of the same shall be due and payable, will submit simultaneously a report disclosing same, and will meet all its obligations under the GNMA Guide and the GNMA Guaranty Agreements

or contractual agreements to be entered into between the Master Servicer and GNMA. The Master Servicer shall give the Trustee and the Authority written notice of any payments on a GNMA Certificate that constitute Prepayments (as defined in the Indenture).

Section 5.03. Sale of Fannie Mae Certificates. It is hereby recognized and acknowledged that the procedures set forth in this Section are applicable to the sale of the Fannie Mae Certificates by the Master Servicer as of the date of this Servicer Agreement, and the parties hereto further recognize and acknowledge that the procedures, guidelines and policies of Fannie Mae may be amended or modified in the future to such an extent that it may become impractical or impossible for the Master Servicer to perform pursuant to this Servicer Agreement, in which event Master Servicer shall not be held responsible for such failure to perform.

- (a) Subject to the terms and conditions hereof, the Master Servicer shall use its best efforts to purchase, pool and service Mortgage Loans in accordance with the terms of this Servicer Agreement and the Fannie Mae Guide, and shall pay all fees required by Fannie Mae in connection with the issuance of Fannie Mae Certificates, except fees payable to Fannie Mae for the restructuring of the Fannie Mae Certificates in connection with the defeasance of the Bonds.
- (b) It is recognized and agreed that in accordance with the Fannie Mae Guide, the Master Servicer in its best judgment shall cause Fannie Mae to issue Fannie Mae Certificates which shall be comprised of the types of Mortgage Loans as further set forth below:

A Fannie Mae Certificate shall be based on and backed by a Fannie Mae Pool in a minimum outstanding principal amount of two hundred and fifty thousand dollars (\$250,000), or such lesser amount as may be permitted or approved by Fannie Mae, and shall be issued in accordance with Section 5.03(g) hereof.

The Master Servicer shall only include in a Fannie Mae Pool Mortgage Loans that are originated in connection with the issuance of each series of Bonds. The Master Servicer shall not pool Mortgage Loans originated with varying interest rates into a Fannie Mae Pool without the prior written consent of the Authority.

- (c) The Master Servicer shall maintain current records with respect to the principal amounts of Mortgage Loans that may have been originated by the Participants for the purpose of determining the date on which any Fannie Mae Certificate based on and backed by the Fannie Mae Pool shall be issued by Fannie Mae. The Master Servicer shall exercise its best judgment to cause the aggregation of

Mortgage Loans to occur to enable the formation of a Fannie Mae Pool in as expeditious a manner as possible. Mortgage Loans shall, in any case, be originated by Participants without any delays resulting to the Authority or the Mortgagor. The Master Servicer may, in its discretion, make the determination to provide for the issuance of Fannie Mae Certificates at such times, in the judgment of the Master Servicer, as the amount of Mortgage Loans originated by the Participants is sufficient for the issuance of Fannie Mae Certificates.

- (d) The Master Servicer shall aggregate and "warehouse" such Mortgage Loans until such time that the Master Servicer deems it advisable, in the exercise of due diligence to cause the issuance of Fannie Mae Certificates. In the event that the Master Servicer has Mortgage Loans in a sufficient aggregate principal amount to constitute a Fannie Mae Pool and thereafter, to cause the issuance of a Fannie Mae Certificate with respect to such Fannie Mae Pool, the Master Servicer shall aggregate all such Mortgage Loans to form such Fannie Mae Pool and shall submit an appropriate application to Fannie Mae for the issuance of such Fannie Mae Certificate in accordance with this Agreement.
- (e) The Program and the Mortgage Loans thereunder shall have at least equal priority with respect to the other activities of the Master Servicer to any unfunded Fannie Mae Certificates available to the Master Servicer or to the issuance of any other Fannie Mae Certificates not specifically pledged to an identifiable lending activity.
- (f) The Master Servicer shall ensure that the total original outstanding principal amount of any Fannie Mae Certificate issued by Fannie Mae based on and backed by a Fannie Mae Pool will not be issued in an amount which, in Master Servicer's good faith judgment, would either (i) preclude the subsequent origination of Mortgage Loans, or (ii) if Mortgage Loans have been originated and a Fannie Mae Pool is comprised of such Mortgage Loans, preclude the issuance of a Fannie Mae Certificate backed by such Fannie Mae Pool.
- (g) Pursuant to the current standards and policies of Fannie Mae as set forth in the Fannie Mae Guide, the Master Servicer may provide for the issuance of Fannie Mae Certificates by purchasing Mortgage Loans to be delivered to Fannie Mae to constitute Fannie Mae Pools in a minimum original outstanding principal amount of two hundred fifty thousand dollars (\$250,000); provided, however, the final Fannie Mae Pool may be a smaller amount. The total principal amount of any issue of Fannie Mae Certificates shall be equal to the aggregate unpaid principal balances of Mortgage Loans in the Fannie Mae Pool.
- (h) The Master Servicer hereby agrees that any Mortgage Loans submitted to it for Purchase by a Participant and which meet the requirements of the Origination Agreement, Program Guide and Fannie Mae Guide shall be purchased by the Master Servicer in accordance with Section 5.03(1) of this Agreement.

- (i) In conjunction with the delivery of each Fannie Mae Certificate to the Trustee for Purchase, the Master Servicer shall notify the Trustee and the Authority in writing of the aggregate original principal amount of Mortgage Loans on Targeted Area Homes represented by such Fannie Mae Certificate.
- (j) All Fannie Mae Certificates shall be issued with the Special Servicing Option (as defined in the Fannie Mae Guide).
- (k) The Master Servicer hereby covenants and agrees that any Mortgage Loans submitted to it for Purchase by a Participant and which meet the requirements of the Origination Agreement, Program Guide and Fannie Mae Guide shall be purchased by the Master Servicer in accordance with Section 5.03(1) of this Servicer Agreement.
- (l) The Master Servicer shall purchase Mortgage Loans from Participants on a regular weekly basis.

Section 5.04. Acquisition of Fannie Mae Certificates by the Trustee.

- (a) The Authority hereby agrees to acquire, through the Trustee, the Fannie Mae Certificates delivered by the Master Servicer to the Trustee in accordance with this Servicer Agreement and the Indenture. All Fannie Mae Certificates to be purchased by the Trustee shall be delivered to the Trustee in accordance with the terms of the Indenture. The obligation of the Authority and the Trustee as set forth in this Section 5.04 shall be limited to the proceeds of the Bonds available for such purpose in the Loan Account under the Indenture, provided that the Authority and the Trustee shall not have any obligation to acquire or accept delivery of any Fannie Mae Certificate unless the requirements hereof and of the Origination Agreements with respect to each Mortgage Loan backing the related Fannie Mae Certificate have been satisfied and the Trustee has received from the Master Servicer the Master Servicer Submission Certificate relating to the Fannie Mae Certificate together with all other requirements of the Indenture.
- (b) Each Fannie Mae Certificate shall bear interest at the Fannie Mae Pass-Through Rate.
- (c) The Trustee shall purchase Fannie Mae Certificates delivered by the Master Servicer provided the Fannie Mae Certificate has been approved by the Authority upon two days written notice (or if such date is not a Business Day, the next Business Day thereafter). Upon delivery of a Fannie Mae Certificate to the Trustee, the Master Servicer shall be entitled to receive, as payment for the Fannie Mae Certificate, an amount equal to one hundred and no/100 percent (100.00%) of the principal amount of the Fannie Mae Certificate, plus accrued interest to the date of purchase. Accrued interest will be paid the day following the receipt of the first principal and interest payment from the Fannie Mae Certificate.

- (d) After purchase of a Fannie Mae Certificate by the Trustee, the Master Servicer will remit to Fannie Mae or otherwise comply with Fannie Mae requirements concerning, all payments of principal, interest and any Mortgage Loan principal prepayments that are paid with respect to the Mortgage Loans which back the applicable Fannie Mae Certificates, will submit simultaneously a report disclosing same, and will meet all its obligations under the Fannie Mae Guide or contractual agreements to be entered into between the Master Servicer and Fannie Mae. The Master Servicer shall give the Trustee and the Authority written notice of any payments on a Fannie Mae Certificate that constitute Prepayments (as defined in the Indenture).

ARTICLE VI.

CAUSES PERMITTING TERMINATION

Section 6.01. Voluntary Termination of the Master Servicer. Upon the happening of any one or more of the following events, the Authority shall have the right to resort to its remedies under Section 6.02 below:

- (a) Failure by the Master Servicer to fully observe and perform any of its material duties hereunder or under the Program Guide, GNMA Guide, Fannie Mae Guide or the Origination Agreements to the Authority's sole satisfaction.
- (b) Failure by Master Servicer to (i) observe or duly to perform in any material respect any covenant, condition or agreement in this Servicer Agreement, the Program Guide, GNMA Guide, Fannie Mae Guide or the Origination Agreements to be observed or performed by it for a period of ten (10) days after written notice, specifying such failure and requesting that it be remedied, given to the Master Servicer by the Authority, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Master Servicer within the applicable period and is being diligently pursued; or (ii) materially observe and perform its duties hereunder or under the Program Guide, GNMA Guide, Fannie Mae Guide or the Origination Agreements to the Authority's sole satisfaction, as evidenced by the Authority's giving written notice pursuant to the foregoing more than two (2) times in any twelve (12) month period regardless of the Master Servicer's cure or remedy of any matter set forth in any such written notice.
- (c) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a trustee in bankruptcy, a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer.

- (d) The Master Servicer shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Master Servicer or of or relating to all or substantially all of its property.
- (e) The Master Servicer shall admit its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or involuntarily suspend payment of its obligations.
- (f) The Authority shall discover or be notified that any representation of or warranty by the Master Servicer to the Authority is false or misleading in any material respect.

Termination of this Servicer Agreement shall not relieve the Master Servicer of any liability incurred prior to termination hereunder.

Section 6.02. Remedies. Whenever any event referred to in Section 6.01 hereof shall have happened and be continuing, the Authority may take any one or more of the following remedial steps in addition to (and not in lieu of) any and all other remedies that may be available to the Authority at law or in equity or by statute for the enforcement of the obligations of the Master Servicer hereunder:

- (a) By notice in writing to the Master Servicer, the Authority may, in its sole discretion, terminate all of the Master Servicer's rights hereunder.
- (b) The Authority may take whatever other action by law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Servicer Agreement or to enforce performance and observance of any obligation, agreement or covenant of the Master Servicer under this Servicer Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture. Anything to the contrary notwithstanding, the representations, warranties and obligations of the Master Servicer under this Servicer Agreement made or incurred prior to any termination shall remain fully enforceable and shall survive any termination of this Servicer Agreement.

Section 6.03. Appointment of Successor. Upon termination, resignation or assignment of obligations of the Master Servicer pursuant to this Agreement, the Authority shall take such action, consistent with this Servicer Agreement, as shall be necessary to effectuate the appointment of a successor Master Servicer. The Master Servicer shall fully cooperate in any transfer to a successor Master Servicer.

Section 6.04. No Remedy Exclusive. No remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Servicer Agreement or existing at law or

in equity. No delay or failure to exercise any right or power accruing under this Servicer Agreement shall impair any other right or power be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VII.

MISCELLANEOUS PROVISIONS

Section 7.01. Access to Certain Documentation and Certain Information Regarding the Mortgage Loans. The Master Servicer shall provide, to the Trustee and the Authority and the outside auditor of the Authority, access at the offices of the Master Servicer to all documentation regarding the Loans requested by any of them, such access being afforded without charge and upon reasonable request and during the normal business hours of the Master Servicer.

Section 7.02. Amendments Changes and Modifications. The provisions of this Servicer Agreement may be amended, changed, modified, altered, waived or terminated by written agreement of the parties hereto. Prior to the issuance of any additional series of bonds under the Indenture, the provisions of this Servicer Agreement may also be amended, changed, modified, waived or altered by any rider signed by each affected party.

Section 7.03. Notice. All notices, certificates or other communications hereunder shall be deemed given when given orally and when delivered by facsimile transmission or private overnight courier which provides a receipt be given for all packages, or five (5) days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address.

Section 7.04. Further Assurances and Corrective Instruments. To the extent permitted by law, the Authority and the Master Servicer agree that each of them will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, such supplements thereto and such further instruments as may reasonably be required or appropriate to further express the intention of, or to facilitate the performance of, this Servicer Agreement.

Section 7.05. Binding on Parties and Assigns; No Rights Conferred on Others. This Servicer Agreement and all obligations and rights arising hereunder shall bind and inure to the benefit of the Authority and the Master Servicer and their respective successors in interest. Consistent with the foregoing, nothing in this Servicer Agreement shall confer any right upon any person, other than the parties to this Servicer Agreement and the Trustee. This Servicer Agreement may not be enforced by the holders or the owners of the Bonds.

Section 7.06. Governing Law. This Servicer Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws. The Master Servicer hereby consents to the jurisdiction of the State courts located in Hancock County, Indiana for any proceeding in connection with this Servicer Agreement and the Origination Agreements.

Section 7.07. Severability. In the event any provision of this Servicer Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.08. Amendment to Origination Agreements. Notwithstanding anything herein or in the Origination Agreement to the contrary, the Master Servicer shall not consent to any amendments to any Origination Agreement without the prior written approval of the Authority.

Section 7.09. Miscellaneous. The headings used herein have been included for convenience of reference only, and shall be ignored in construing the provisions hereof. Unless the context requires otherwise, the use of any gender shall include all genders, and the singular shall include the plural, and vice versa. This Servicer Agreement shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Servicer Agreement.

Section 7.10. Trustee May Enforce. Subject to the terms of the Indenture, the Trustee may, and in the event of the Authority's failure so to enforce shall, enforce the Authority's rights hereunder, at the sole expense of the Authority (subject, however, to Section 4.07 hereof).

IN WITNESS WHEREOF, the Authority has caused this Servicer Agreement to be executed on its behalf by its Chairman and the Master Servicer has caused this Servicer Agreement to be executed in its name by its duly authorized officer all as of the day, month and year first above written.

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY ("Authority")

By: _____
Rebecca Skillman, Chairman

Address: 30 South Meridian St.
Suite 1000
Indianapolis, IN 46204

[SEAL]

ATTEST:

By: _____
Sherry Seiwert
Executive Director

("MASTER SERVICER")

By: _____

Title: _____

Address:

EXHIBIT A

MASTER SERVICER SUBMISSION CERTIFICATE

RE: FANNIE MAE CERTIFICATE (INCLUDING PRINCIPAL AMOUNT, PASS THROUGH RATE, CERTIFICATE NUMBER, Fannie Mae POOL NUMBER, MATURITY DATE AND CUSIP NUMBER)

The above-referenced Fannie Mae Certificate which is to be delivered to the Trustee for purchase on _____, is backed by the mortgage loans described in Schedule A ("Mortgage Loans"), which Mortgage Loans meet the requirements set forth in the Mortgage Origination and Sale Agreements dated as of _____, together with any supplements thereto among the Master Servicer, the Indiana Housing and Community Development Authority (the "Authority") and each Participant identified therein (the "Origination Agreements") and executed in connection with the Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, ____ Series __.

The undersigned, on behalf of _____ (the "Master Servicer"), hereby certifies to _____ (the "Trustee") and the Indiana Housing and Community Development Authority that the Fannie Mae Certificate referenced above:

- conforms in all regards to the Origination Agreements and the Master Servicer Agreement between the Master Servicer and the Authority dated as of _____ (the "Master Servicer Agreement");
- is backed by Mortgage Loans which meet the requirements of the Origination Agreement and the Master Servicer Agreement;
- has been duly authorized, executed and delivered by the Master Servicer and constitutes a valid and binding obligation of the Master Servicer enforceable in accordance with its terms;
- has been guaranteed by Fannie Mae; and
- the related Fannie Mae Guaranty Agreement (as defined in the Master Servicer Agreement) has been duly authorized, executed and delivered by the Master Servicer and Fannie Mae, and such agreement constitutes a valid and binding obligation of the Master Servicer and Fannie Mae enforceable in accordance with its terms.

The master Servicer further certifies that the Fannie Mae prospectus and Fannie Mae Guaranty Agreement accompanying this Master Servicer Submission Certificate are true and correct documents relating to the Fannie Mae Certificate and that the Master Servicer is not in default under the Fannie Mae Guaranty Agreement.

All capitalized terms used herein and not otherwise defined herein have the meaning assigned to them in the Amended and Restated Indenture of Trust dated as of _____, as supplemented by a Supplemental Indenture executed in connection with the issuance of each series of Bonds and/or the Origination Agreement dated as of _____.

Dated: _____

("MASTER SERVICER")

By: _____

Its: _____

EXHIBIT B

MASTER SERVICER SUBMISSION CERTIFICATE

RE: GNMA CERTIFICATE (INCLUDING PRINCIPAL AMOUNT, PASS THROUGH RATE, CERTIFICATE NUMBER, GNMA POOL NUMBER, MATURITY DATE AND CUSIP NUMBER)

The above-referenced GNMA Certificate which is to be delivered to the Trustee for purchase on _____, is backed by the mortgage loans described in Schedule A ("Mortgage Loans"), which Mortgage Loans meet the requirements set forth in the Mortgage Origination and Sale Agreements dated as of _____, together with any supplements thereto among the Master Servicer, the Indiana Housing and Community Development Authority (the "Authority") and each Participant identified therein (the "Origination Agreements") and executed in connection with the Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, ____ Series __.

The undersigned, on behalf of _____ (the "Master Servicer"), hereby certifies to _____ (the "Trustee") and the Authority that the GNMA Certificate referenced above:

- conforms in all regards to the Origination Agreements and the Master Servicer Agreement between the Master Servicer and the Authority dated as of _____ (the "Master Servicer Agreement");
- is backed by Mortgage Loans which meet the requirements of the Origination Agreement and the Master Servicer Agreement;
- has been duly authorized, executed and delivered by the Master Servicer and constitutes a valid and binding obligation of the Master Servicer enforceable in accordance with its terms;
- has been guaranteed by GNMA; and
- the related GNMA Guaranty Agreement (as defined in the Master Servicer Agreement) has been duly authorized, executed and delivered by the Master Servicer and GNMA, and such agreement constitutes a valid and binding obligation of the Master Servicer and GNMA enforceable in accordance with its terms.

The Master Servicer further certifies that the GNMA prospectus and GNMA Guaranty Agreement accompanying this Master Servicer Submission Certificate are true and correct documents relating to the GNMA Certificate and that the Master Servicer is not in default under the GNMA Guaranty Agreement.

All capitalized terms used herein and not otherwise defined herein have the meaning assigned to them in the Amended and Restated Indenture of Trust dated as of _____, as supplemented by a Supplemental Indenture executed in connection with the issuance of each series of Bonds and/or the Origination Agreement dated as of _____.

Dated: _____

("MASTER SERVICER")

By: _____

Its: _____

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
MASTER SERVICER
REQUEST FOR PROPOSALS**

QUESTIONS & ANSWERS

1. Would the IHCDA be open to receive a bid on just the servicing portion of the RFP?
 - a. No. We need the servicer to buy loans from participating lenders, pool them into MBS's and selling the MBS's to our trustee while continuing to service the loans.
2. What is your traditional product mix?
 - a. 90% Government; 10% Conventional
3. What is your anticipated average loan amount?
 - a. Approximately \$89,000.
4. Will you be offering a second mortgage program for down payment/closing cost assistance? If so, will the selected master servicer be expected to service the second mortgage loans? What are the terms of the second mortgage program?
 - a. Yes. We do offer DPA via a forgivable second mortgage. We would also like to have the selected servicer handle calculating payoffs and doing releases on second mortgages.
5. Are there defined terms for the DPA Second Mortgage loan?
 - a. It is a forgivable loan for a period of five (5) years. There are no payments, interest or penalties. However, if the borrower sells or refinances within the five (5) years, all or a portion of the DPA must be repaid to the IHCDA.

Repayment Schedule of DPA Second Mortgage Loan (from Anniversary Date of the Loan)

0-2 years	100%
2-3 years	75%
3-4 years	50%
4-5 years	25%
After 5 years	0% (Loan is forgiven)

6. If the Authority decides to select more than one servicer, how would the volume of production directed to each servicer be determined?
 - a. By the type of loan it is – i.e. Ginnie Mae, Fannie Mae, etc...however, we do not anticipate doing this.

The Authority reminds you that no hard copies are needed. Submit all relevant information via email.

If any further inquiries are generated by these questions, please email them to:

Justin Harris

jharris@ihcda.in.gov

Re: Master Servicer Questions

Submit these questions no later than 5:00pm August 10th, responses will posted by 5:00pm on August 11th.